

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF SOUTH CENTRAL)
RURAL TELEPHONE COOPERATIVE)
CORPORATION, INC. TO PROVIDE) CASE NO. 2000-424
OPTIONAL EXTENDED AREA SERVICE)
TO ADDITIONAL EXCHANGES)

O R D E R

On August 16, 2000, South Central Rural Telephone Cooperative Corporation, Inc. ("South Central RTCC") filed revised tariff pages of its General Subscriber Services Tariff. The purpose of the filing is to seek approval for the provision of Optional Expanded Extended Area Service ("Call-Extend Plan"). This Call-Extend Plan is similar to the plan filed and approved in Case No. 96-575 and Case No. 98-274.¹

The Call-Extend Plan enables customers to call any location in the expanded local calling area for a flat rate of \$5.00 per month in addition to the basic local exchange rate. Customers not selecting the Call-Extend Plan will continue to be charged for calls to that area at tariffed toll rates.

In the past the Commission has approved expanded calling plans of this nature when certain conditions are met. First, the plans must encompass a community of interest and there must be adequate customer demand for the service. Second, the

¹ Case No. 96-575, The Tariff Filing of South Central Rural Telephone Cooperative Corporation, Inc.'s Proposed Optional Expanded Extended Area Service and General Rate Reduction; and Case No. 98-274, The Tariff Filing of South Central Rural Telephone Cooperative Corporation, Inc. to Provide Optional Extended Area Service to Additional Exchanges.

price of the service must be such that it is revenue neutral and does not affect the rest of the general subscribership through revenue shortfalls or excessive profits to the utility.²

South Central RTCC states that the expanded calling area in the affected exchanges reflects their communities of interest and there is significant demand from those customers. South Central RTCC's proposed tariff for the Call-Extend Plan contains rates that have been designed to be near revenue neutral based on the expected stimulation of demand and is projected to reduce South Central RTCC's revenues by \$2,854.

The Commission encourages the implementation of expanded area calling plans and will continue to enforce the requirements of Administrative Case No. 285. However, where a company's financial position indicates that it can absorb revenue decreases as the result of implementation of these plans, the company will not be required to accumulate company-specific financial information to substantiate its estimate of revenue reductions. Also, revenue reductions resulting from expanded area calling plans will not be considered in a rate-making proceeding.

Thus, the Commission approves South Central RTCC's August 16th proposal with an effective date of September 15, 2000. In addition, the Commission finds that South Central RTCC should adhere to the guidelines discussed in Case No. 91-250.³

² Administrative Case No. 285, An Investigation into the Economic Feasibility of Providing Local Measured Service Telephone Rates in Kentucky, Order Issued October 25, 1990.

³ Case No. 91-250, South Central Bell Telephone Company's proposed Area Calling Service Tariff, Order Issued April 9, 1992.

IT IS THEREFORE ORDERED that:

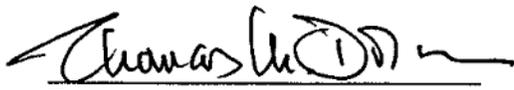
1. South Central RTCC's proposed tariff to implement its Optional Call-Extend plan on a flat-rated basis is approved.

2. Based on a review of the financial impact to South Central RTCC, the company will not be required to gather 12 months of company-specific data as necessary to demonstrate the reasonableness and accuracy of its forecasts for its Optional Call-Extend Plan.

Done at Frankfort, Kentucky, this 13th day of September, 2000.

By the Commission

ATTEST:


Executive Director